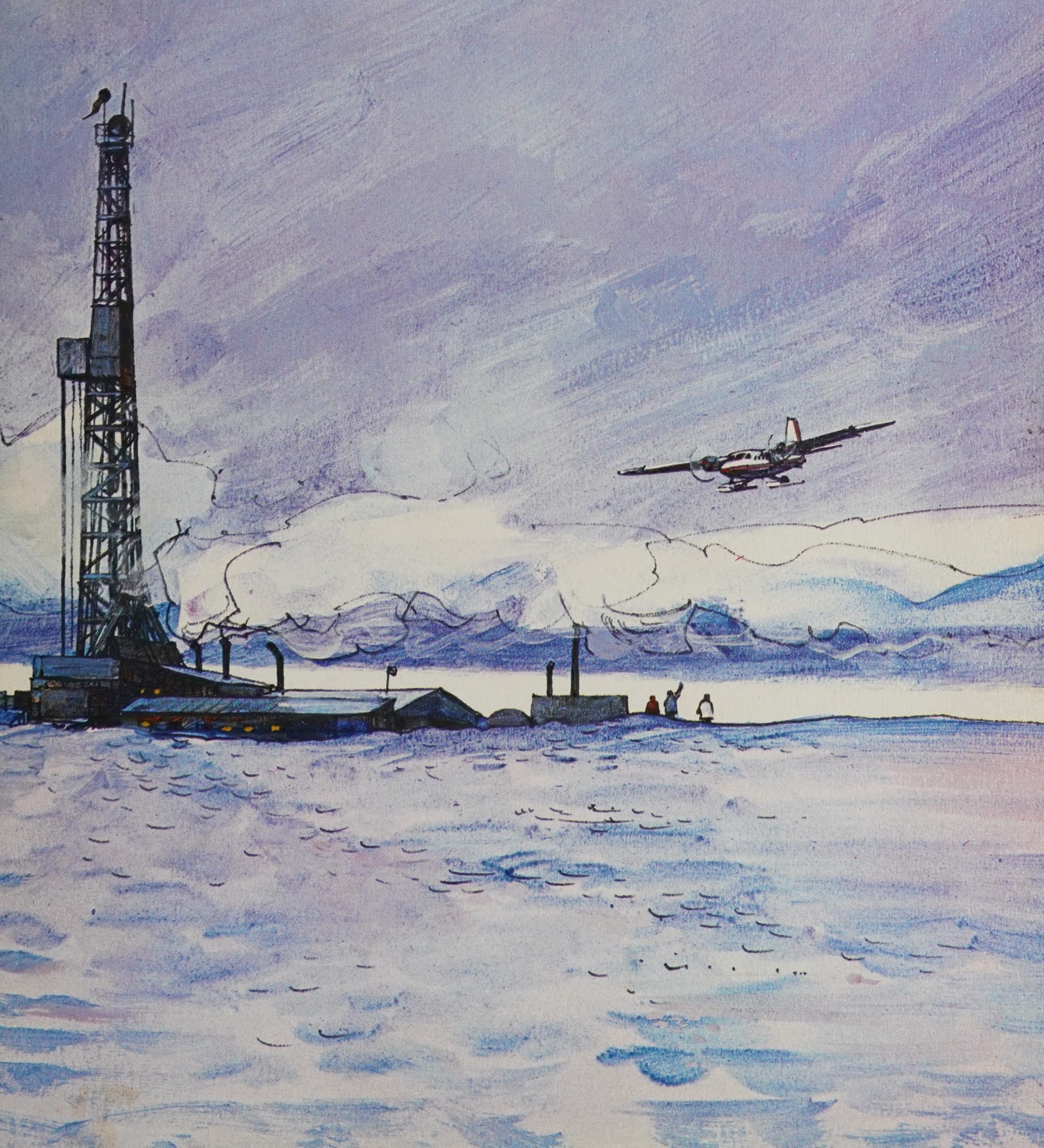
AR33

File

GULF OIL CANADA LIMITED Gulf 1971 Annual Report



GULF OIL CANADA LIMITED
1971 ANNUAL REPORT

CONTENTS

ANNUAL MEETING

The Annual Meeting of Shareholders will be held in the Concert Hall of the Royal York Hotel, Toronto, at 2:00 p.m., April 27, 1972.

HIGHLIGHTS OF OPERATIONS

FINANCIAL	1971	1970
Earnings before extraordinary items	$ 53,775,000	$ 39,201,000
Per share	$ 1.18	$ .86
Earnings for the year	$ 49,129,000	$ 40,364,000
Per share	$ 1.08	$ .89
Total dividends to shareholders	$ 27,265,000	$ 27,222,000
Rate per share at year-end	$ .60	$ .60
Shareholders' equity at year-end	$704,281,000	$681,450,000
Per share	$ 15.50	$ 15.01
Capital expenditures	$ 93,115,000	$178,394,000
Working capital	$192,861,000	$177,189,000
Long-term debt	$199,297,000	$205,087,000
OPERATING	*Millions of cubic feet*	
Net natural gas produced and sold	170,214	143,862
	Thousands of barrels	
Net crude oil and natural gas liquids produced	36,538	33,643
Crude oil processed by and for the Company	92,957	74,744
Refined products sold	83,097	77,111
	Thousands of pounds	
Petrochemical sales	670,259	570,050

Front Cover

A major arctic exploration program was conducted in 1971 on Gulf Canada's 75 per cent interest holdings in the Mackenzie Delta. Two rigs are now drilling in this 1¼ million-acre-block.

Art renderings by Tom McNeely.

On peut obtenir ce rapport annuel en français sur demande.

Drilling crew works on rig on Reindeer acreage near Arctic Coast.

REPORT TO SHAREHOLDERS

Consolidated net earnings for 1971 amounted to a record $49.1 million, or $1.08 per share, a gain of 22 per cent over 1970 earnings of $40.4 million, or 89 cents per share. The improved earnings reflect higher volumes in all areas of operations.

Earnings in 1971 were reduced by an extraordinary provision of $4.7 million mainly to cover writedown of assets and other expenses related to the curtailment and disposition of certain chemical operations. Earnings in 1970 included an extraordinary gain of $1.2 million arising from the floating of the Canadian dollar in May of that year.

While these improved results are gratifying, shareholders and others should be reminded that when related to shareholders' equity, which at year-end amounted to $704.3 million, the $49.1 million net earnings represented a return of only about seven per cent. In view of the high risks involved in the petroleum industry and the tremendous demands for funds to support future exploration, development, and expansion activities, this level of return is considered inadequate.

Details of financial and operating results appear later in this report.

The past year has experienced some dramatic adjustments in trade and monetary affairs abroad and a steady economic recovery at home.

As 1971 drew to a close, uncertainty changed to optimism with the announced modifications of the restrictive U.S. policies. The ten per cent import surcharge and the discriminatory feature of the U.S. investment tax credit were dropped. Agreement was reached on new exchange rates for the principal world currencies. The Canadian dollar will continue to float, and it is hoped that further trade agreements with the United States will be forthcoming at an early date.

The year ahead should bring forth continued growth in the economy with higher levels of personal and corporate income, increased demand for goods and services, and a sustained momentum in general business activity. For at least another year, the government is expected to continue giving priority to the creation of new jobs in order to reduce the high rate of unemployment.

During 1971 the government both added to and removed some of the uncertainties noted in our 1970 Annual Report. While the long-awaited tax reform bill was passed after much debate, many uncertainties surrounding it still exist and time alone will measure the full effects of these complex tax revisions on both corporations and individuals. Uncertainty also remains concerning Canada's policy on foreign investment in this country, the highly controversial proposed legislation regarding competitive practices, and pending revisions to the labor code.

There has been a growing apprehension in the business community about the efforts of government at all levels to become increasingly involved in economic matters. Business must continue to strive to understand the basic aspirations of Canadians for continued social, cultural, and economic improvement. Government must recognize that a healthy and viable economic climate in Canada is essential for the realization of these national aims. Business and government must learn to work more closely together in pursuing these goals instead of dissipating effort, emotion, and energy in unnecessary adversary situations.

Industry production of crude oil and natural gas liquids in Canada in 1971 averaged some 1.6 million barrels per day, an increase of 8.3 per cent over 1970. Demand for domestic and imported crude oil used by Canadian refineries reached 1.4 million barrels per day, 7.8 per cent higher than in 1970. Exports of Canadian crude oil and natural gas liquids increased 13.5 per cent over the previous year to an average of 830,000 barrels per day.

Natural gas exports from Canada to the U.S. rose by 16 per cent over 1970 to almost 2.5 billion cubic feet per day, while domestic consumption reached 3.2 billion cubic feet per day, a gain of almost ten per cent over 1970.

The greatest potential stimulus to rapid future growth of Canadian hydrocarbon production continues to be the huge demand in those markets of the U.S. within economic reach of Canadian sources of supply. The value of exports of Canadian crude oil, gas liquids, and natural gas has risen from approximately $113 million in 1960 to $893 million in 1970.

Indications are that the U.S. will be looking for steadily increasing imports of crude oil and natural gas from Canada to help satisfy the growing deficiency between its huge domestic demand and its diminishing supply capability, even allowing for early development of Alaskan North Slope reserves. Even with the discovery of significant additional reserves in Canada, it is expected that future exports of our oil and gas to the U.S. will be governed more by the availability of supply and by Canadian government actions than by U.S. restraints.

In order to ensure the early and large-scale development of Canada's potential reserves of petroleum and natural gas in the frontier areas, vast sums of capital must be attracted during the next decade for risky exploratory and development work in the remote and inhospitable areas of the north and offshore regions. If oil and gas are found in sufficient quantities, additional capital will have to be found to bring these resources to market. Such major expenditures cannot be undertaken without the incentive of sufficient demand and, therefore, Canada's petroleum industry must have access to far larger potential markets than those represented by the Canadian demand alone.

The National Energy Board recently refused again to permit the export of additional quantities of natural gas to the U.S.

because of estimated inadequacy of supplies available for future Canadian use. If applications for additional gas exports continue to be rejected, there is a strong possibility that the U.S. will be forced to make other arrangements to overcome the potential crisis in its energy supplies. Such a decision could result in export markets for Canada's frontier area natural gas not being available in the 1980's, making additional exploration, development, and construction of the required pipe line system most difficult to justify economically. Canada could thus be denied the use of her own frontier-area natural gas unless a sizable market is also provided for this gas in the United States.

Since 1950 there has been a remarkable growth in Canada's economy, based in large part on the abundant availability of her natural resources. As a result, industrial production, business activity, and the nation's standard of living have risen in parallel with the increasing per capita consumption of energy. However, it is evident that the days of cheap energy are over. Canada faces problems similar to those of other developed countries in the world in that energy resources are becoming more scarce and difficult to locate. At the same time, discoveries of additional reserves of such non-renewable resources are not keeping pace with the accelerated rates of depletion.

To provide for Canada's continuing growth, the energy industries must generate huge amounts of capital from their operations, as well as attract additional investment funds from outside. In order to succeed, the price at which energy is sold must not only be adequate in relation to costs, but also must respond to supply and demand influences. Energy markets in Canada are characterized by intense competition among the various sources of energy and the large number of competing business organizations. Under such circumstances, any restraints on prices or markets imposed by governments, either directly or indirectly, are economically unsound and must ultimately work against the best interests of the country.

The petroleum industry has been concerned with protection of the environment for many years and has directed much money and effort to this field long before public interest and legislation reached the current levels of activity. It should be emphasized that the cost of environmental protection and pollution abatement must inevitably be borne by the consumer through higher taxes or higher prices, or both. While technology may be able to provide some benefit without additional cost, a time will come when the quality of the environment must be recognized as a significant component of our national standard of living and displace some of the material benefits considered to be indispensable at present. Governments, together with industry and business, have a responsibility to acquaint the public with all the facts and to stimulate intelligent and realistic discussion of both the issues and the available options.

J. C. Phillips, Q.C., was elected Vice-President and General Counsel of the Company on May 1, 1971. Later in the year he was elected to the additional executive position of Secretary following the retirement of G. W. K. Macdonald. Mr. Phillips joined Gulf Canada in 1956 and was appointed General Counsel in 1964.

R. C. Beal, formerly Divisional Vice-President of Manufacturing in the Company's Chemicals Department, was elected Vice-President with executive responsibility for the Chemicals Department. Mr. Beal joined Gulf Canada in 1944 and has held managerial positions in the Refining, Marketing, and Supply and Transportation Departments.

Dr. H. S. Sutherland, Vice-President and Executive Representative for Eastern Canada, retired from the Company after over 40 years of service.

The Directors and Officers again wish to record their appreciation of the support of shareholders, loyalty of customers, and outstanding efforts of employees and dealers in enabling Gulf Canada to make noteworthy progress in 1971.

On behalf of the Board,

C. D. Shepard,
Chairman of the Board.

Jerry McAfee,
President.

Toronto, Ontario, March 21, 1972.

EXPLORATION AND PRODUCTION

In view of the strong demand for Canadian crude oil and the prospect of continuing improvement, major capital outlays for gas processing and oil handling facilities in Alberta pools having surplus oil capacity continued throughout 1971. The additional production from these pools enabled Gulf Canada to meet higher demands last Fall and resulted in record fourth quarter volumes of crude oil and natural gas liquids, with the full year averaging slightly over 100,000 net barrels per day, an increase of 8.6 per cent over 1970. With the new 50 per-cent-owned Strachan, Alberta, gas plant coming on stream in early 1971, sales of natural gas were also at record levels and averaged 466 million cubic feet daily, an increase of 18.3 per cent.

A joint venture agreement made with Gulf Oil Corporation has enabled Gulf Canada to increase its frontier holdings, particularly in the high Arctic, and to undertake costly long-term exploration on a much larger scale than otherwise would be possible. Gulf Canada contributed to the joint venture its interest in 5.1 million net acres in the Beaufort Sea, the Arctic Islands and the Gulf of St. Lawrence, while Gulf Oil agreed to contribute $20 million.

The Company's wholly-owned 5.4 million-acre-block on the Pierre Banks south of Newfoundland, its 25 per cent interest in 11 million acres on the Grand Banks, and its 75 per cent interest in the 1.3 million-acre Reindeer block in the Mackenzie Delta were not included in the joint venture. Extensive seismic operations were carried out on the Grand Banks and a semi-submersible rig, now being built at Halifax, will be on location by late 1972.

Under a farm-in agreement with Panarctic, geophysical operations in the Sverdrup Basin were begun late in 1971 and a wildcat, located within 50 miles of two recent Panarctic gas discoveries, was started in early January.

The 1971 drilling program resulted in no major field extensions or major new discoveries although stepout drilling will be scheduled in 1972 to evaluate two apparently small gas discoveries as well as follow-up extensions made to several central Alberta fields. The Company continued to farm out marginal acreage and 55 cost-free wells were drilled during the year.

Gulf Canada's net land holdings at year-end totalled 27.5 million acres, an increase of some 300,000 acres over 1970.

In November, Gulf Canada sold its oil and gas production and related facilities in the Turner Valley field, which were acquired in the merger with Royalite Oil Company, Limited.

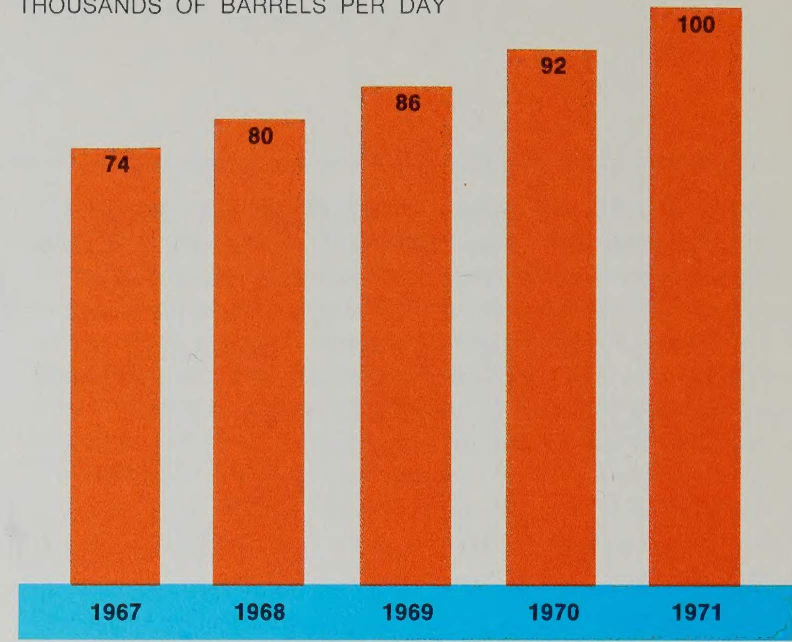
WELL COMPLETION DATA

		Exploratory			
Gross wells	1971	1970	1969	1968	1967
Successful – oil	—	—	—	8	4
– gas	2	2	3	4	4
Dry holes	13	12	17	22	24
Total	15	14	20	34	32
Net wells					
Successful – oil	—	—	—	7	4
– gas	2	1	2	2	4
Dry holes	10	6	9	13	16
Total	12	7	11	22	24

		Development			
Gross wells	1971	1970	1969	1968	1967
Successful – oil	39	10	51	60	26
– gas	14	33	30	39	29
Suspended	—	—	2	—	—
Dry holes	14	3	13	9	7
Total	67	46	96	108	62
Net wells					
Successful – oil	12	3	22	35	16
– gas	3	9	6	5	6
Suspended	—	—	1	—	—
Dry holes	6	1	4	3	5
Total	21	13	33	43	27

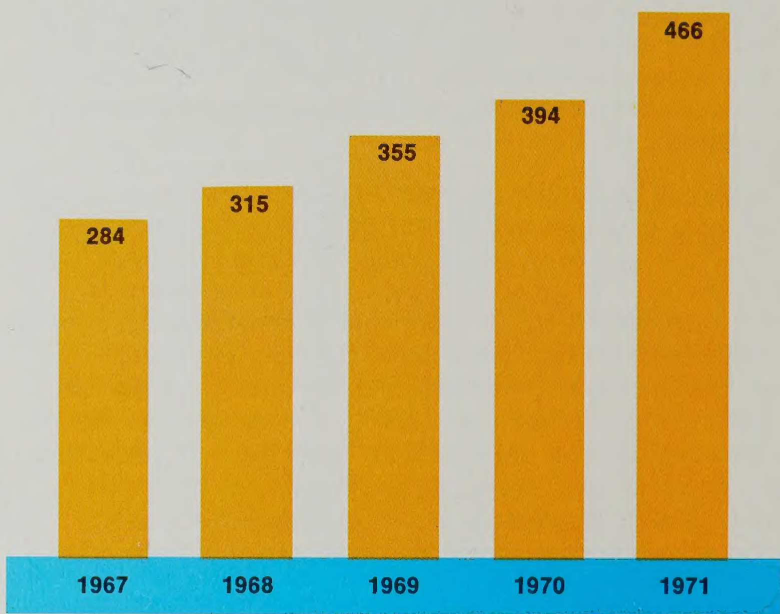
NET CRUDE AND NATURAL GAS LIQUIDS PRODUCED

THOUSANDS OF BARRELS PER DAY



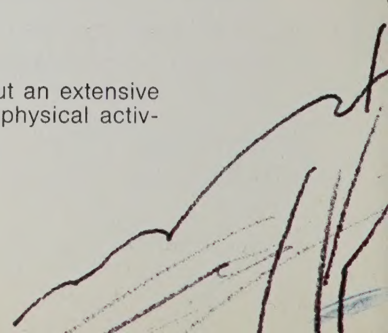
NET NATURAL GAS PRODUCED AND SOLD

MILLIONS OF CUBIC FEET PER DAY

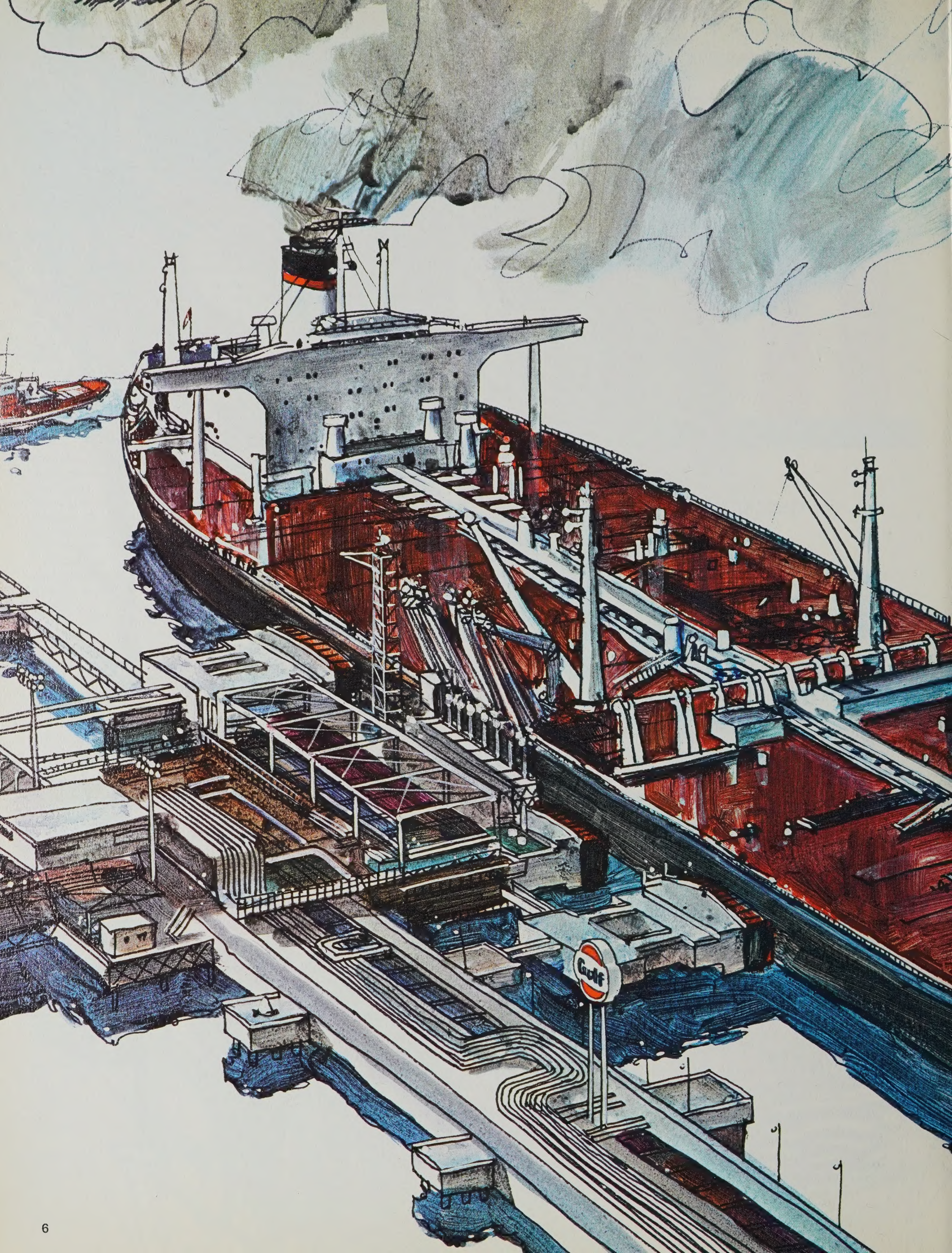


ESTIMATED NET RECOVERABLE RESERVES

as at December 31, 1971	Before Royalty	After Royalty
Crude oil and natural gas liquids (millions of barrels)	580	498
Marketable natural gas (trillions of cubic feet)	3.3	2.9
Sulphur (millions of long tons)	6.1	5.4



During the year the Company carried out an extensive program of exploratory drilling and geophysical activities in the Alberta foothills.


Gulf

SUPPLY AND TRANSPORTATION

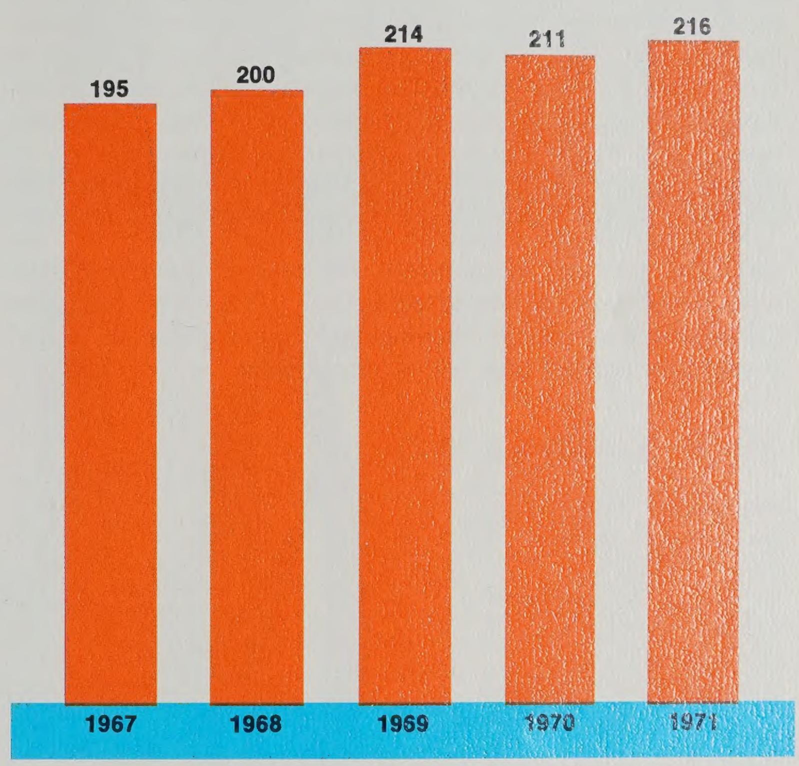
Domestic crude oil prices were relatively stable in 1971 following increases in late 1970, although some advances occurred in specialty oils. The cost of imported crude oil processed at the Montreal and Point Tupper refineries increased substantially in 1971 due to demands by offshore producing countries.

Despite upward pressure, costs of rail, highway and marine transportation were kept in line with 1970. With the arrival of the *T. G. Shaughnessy* in July, the new Point Tupper refinery began receiving crude from the Persian Gulf in supertankers of the 250,000-plus deadweight-ton class.

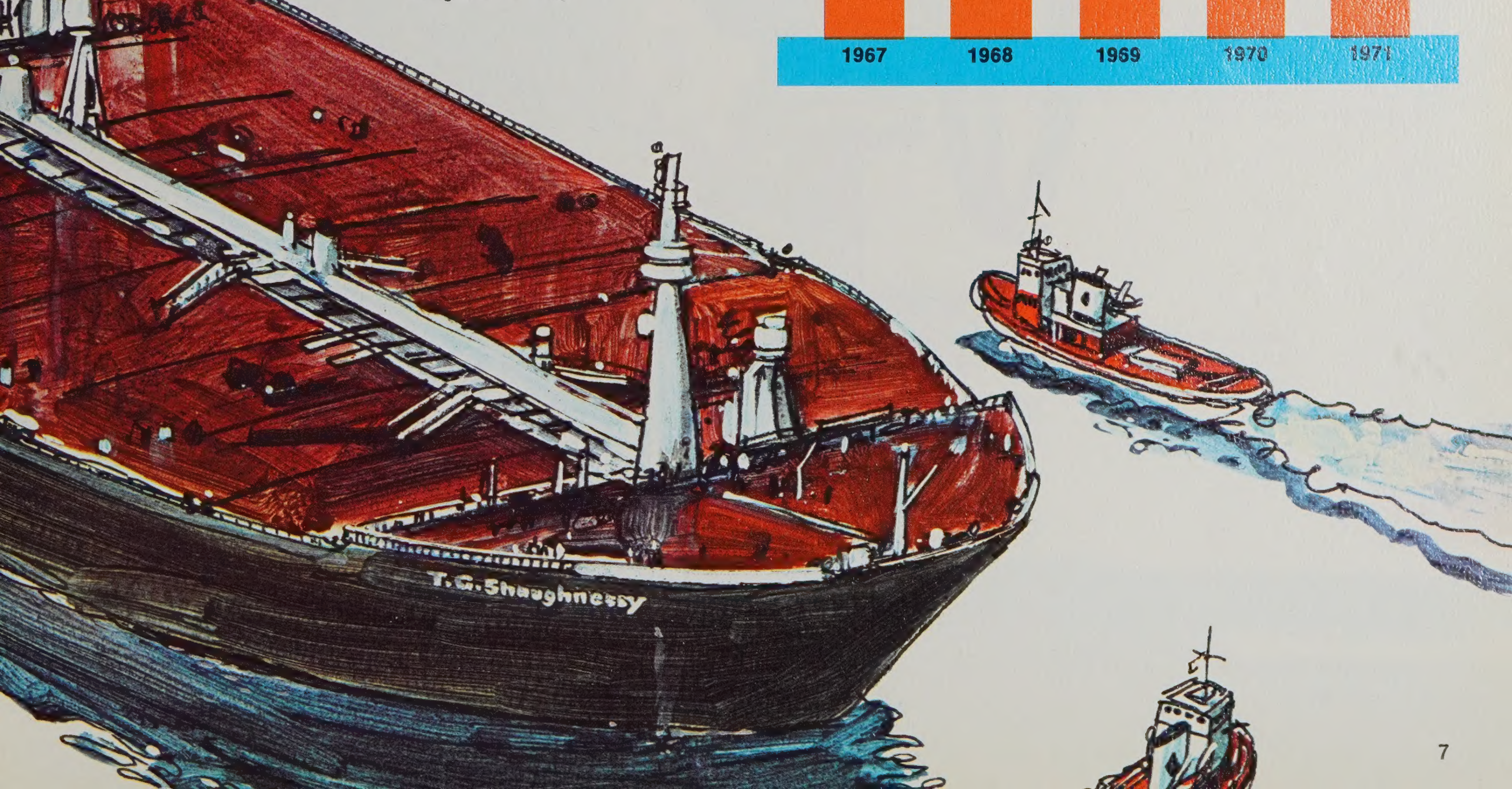
The Company's reorganized system of product distribution in Western Canada became operational in July, coinciding with the start-up of the Edmonton refinery which now supplies gasolines and distillates to the three Prairie provinces. The system required the installation of new pipe line facilities and the utilization of two existing pipe lines. Light oils are now moved from Edmonton to Calgary through a newly-constructed products pipe line, in which Gulf Canada has a 40 per cent interest, and from Edmonton to Milden and Regina, Saskatchewan, by the Interprovincial Pipe Line. Gulf Canada's wholly-owned Saskatoon Pipe Line, linking Milden with Saskatoon, was converted from a crude to a product carrier.

The Company's improved supply position in the Prairie and Atlantic Provinces, resulting from larger refining capacity and new distribution systems, was used to good advantage in re-arranging distribution patterns and in negotiating significant contracts with major customers. These contract arrangements will provide higher and more economical throughputs at Edmonton and Point Tupper refineries.

CRUDE OIL AND REFINED PRODUCTS TRANSPORTED
MILLIONS OF BARRELS



Marine history was made on July 24 with the unloading at Point Tupper refinery of 1.8 million barrels of crude oil from the *T. G. Shaughnessy*. The largest ship to dock at a North American harbor to that date, the tanker is equipped with the most modern of electronic navigational aids.



REFINING

The year 1971 was most significant for refining operations. It marked the commissioning of two new large refineries at Point Tupper and Edmonton, the termination of operations at Saskatoon refinery, and the conversion of Moose Jaw and Calgary refineries to asphalt plants. Expanded facilities went into operation at Port Moody refinery, and the initial stage of a catalytic cracker expansion program was completed at Montreal.

Crude oil processed at Gulf Canada refineries, on behalf of the Company and others, totalled 90 million barrels, up 19 million barrels over 1970. The increase resulted primarily from the crude processed at Point Tupper.

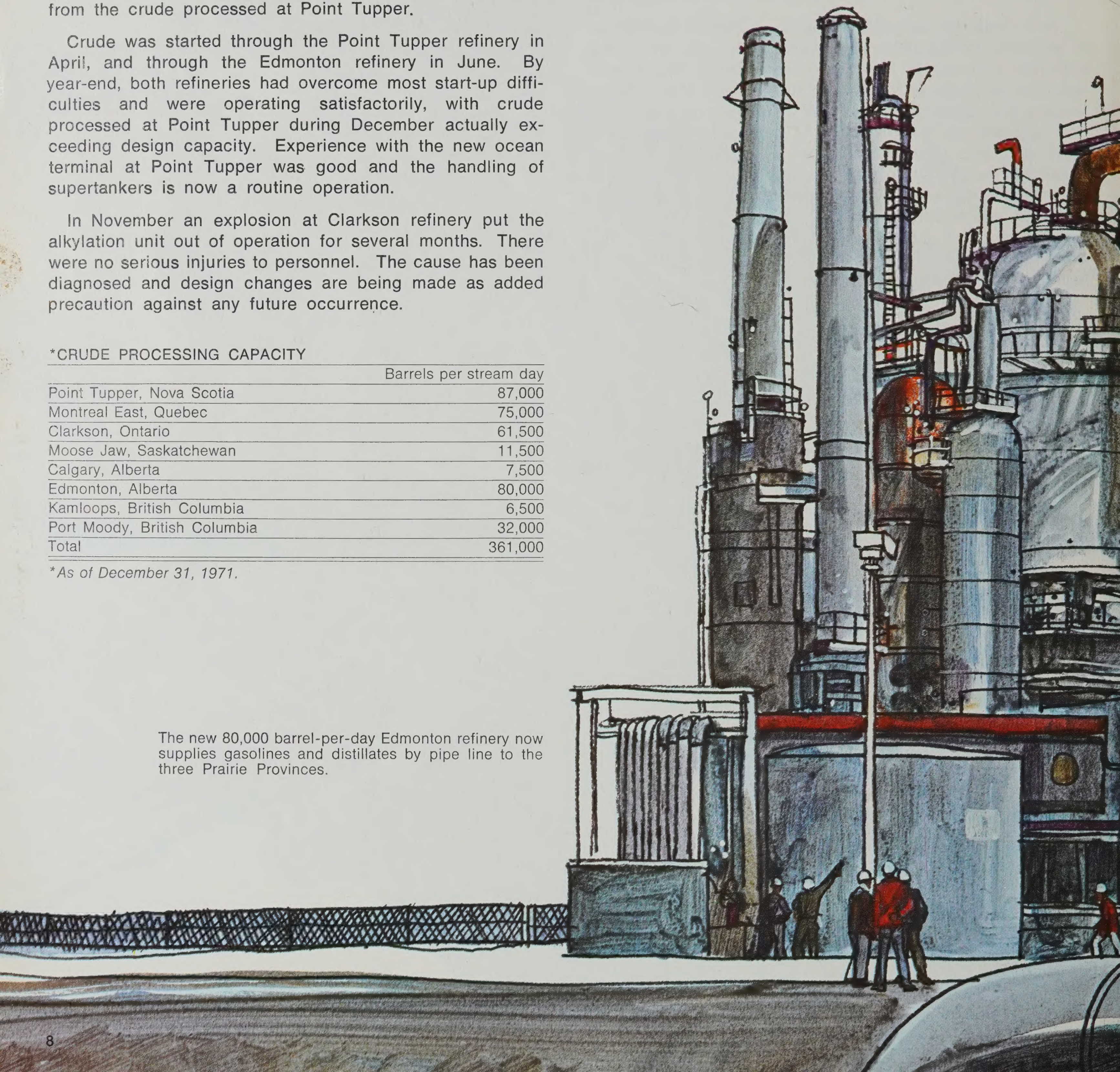
Crude was started through the Point Tupper refinery in April, and through the Edmonton refinery in June. By year-end, both refineries had overcome most start-up difficulties and were operating satisfactorily, with crude processed at Point Tupper during December actually exceeding design capacity. Experience with the new ocean terminal at Point Tupper was good and the handling of supertankers is now a routine operation.

In November an explosion at Clarkson refinery put the alkylation unit out of operation for several months. There were no serious injuries to personnel. The cause has been diagnosed and design changes are being made as added precaution against any future occurrence.

*CRUDE PROCESSING CAPACITY

	Barrels per stream day
Point Tupper, Nova Scotia	87,000
Montreal East, Quebec	75,000
Clarkson, Ontario	61,500
Moose Jaw, Saskatchewan	11,500
Calgary, Alberta	7,500
Edmonton, Alberta	80,000
Kamloops, British Columbia	6,500
Port Moody, British Columbia	32,000
Total	361,000

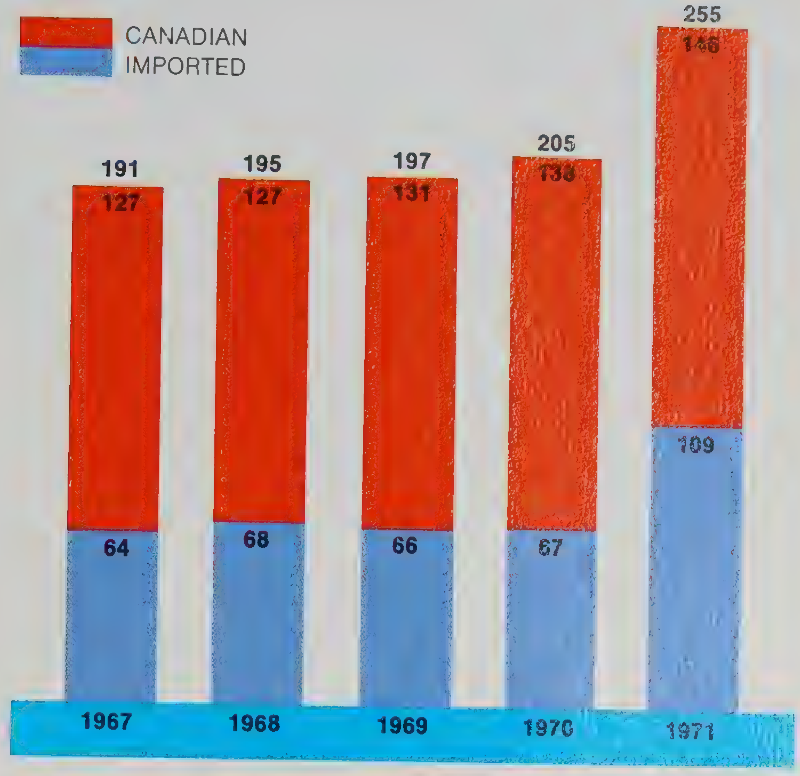
**As of December 31, 1971.*

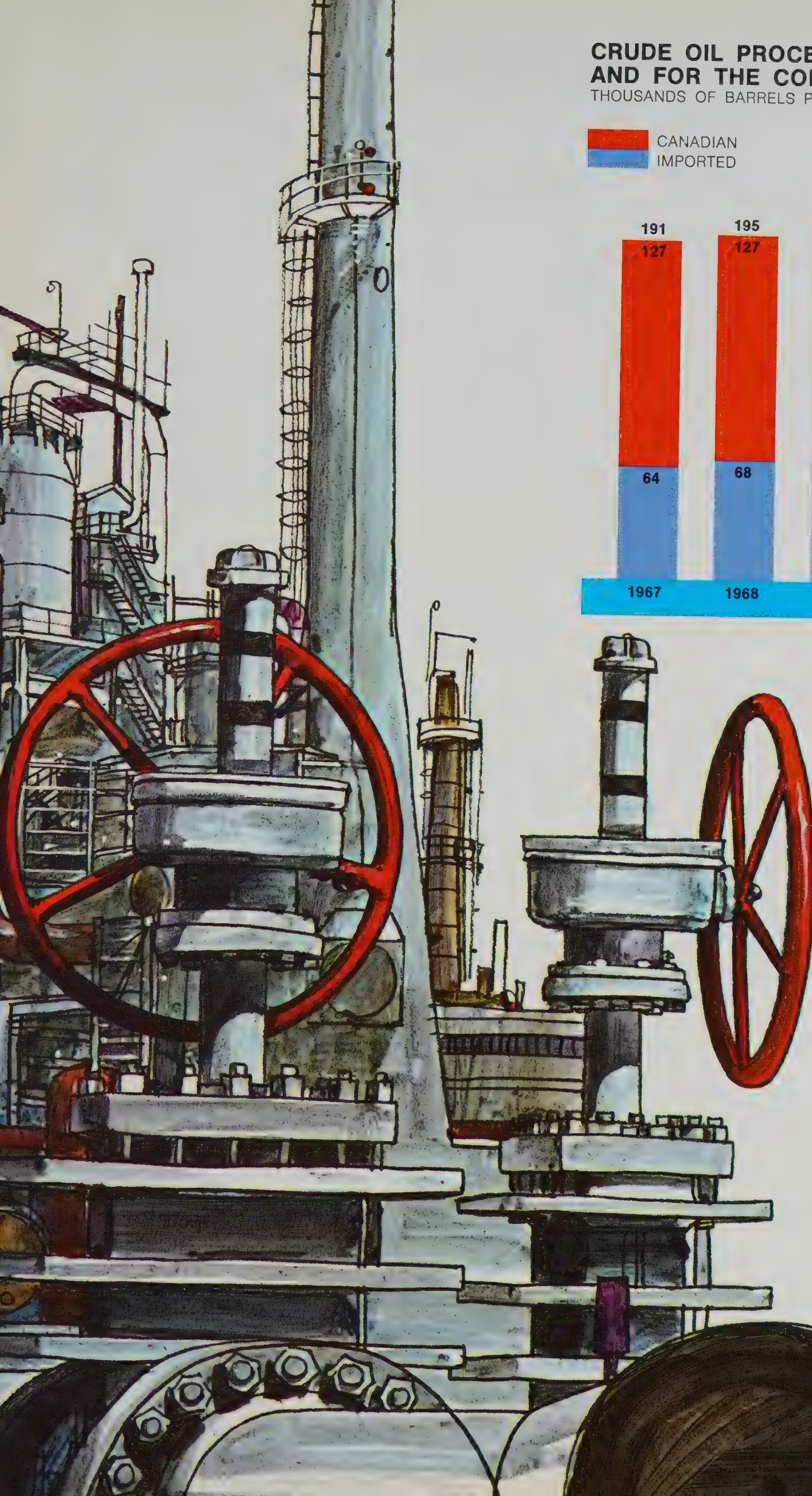


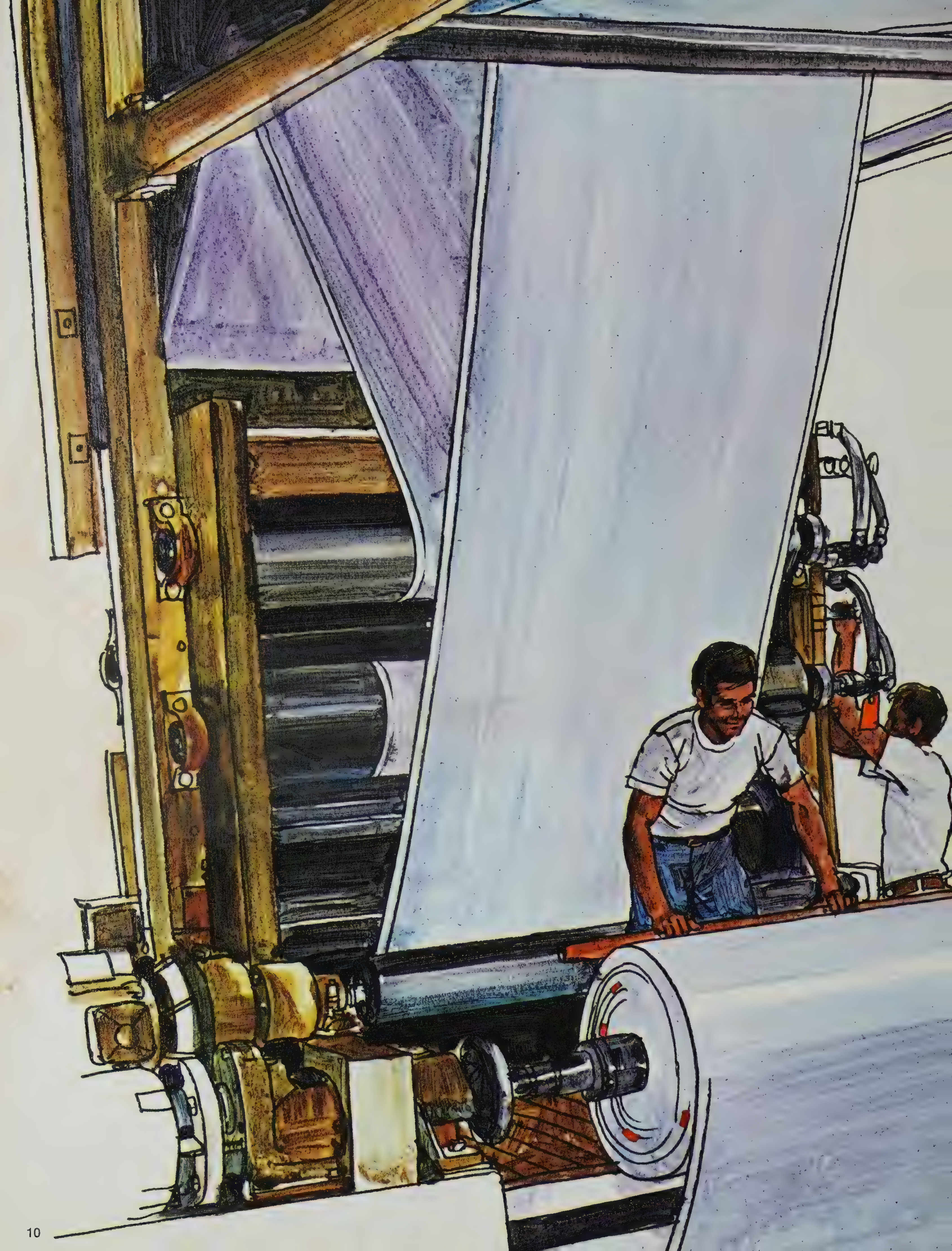
The new 80,000 barrel-per-day Edmonton refinery now supplies gasolines and distillates by pipe line to the three Prairie Provinces.

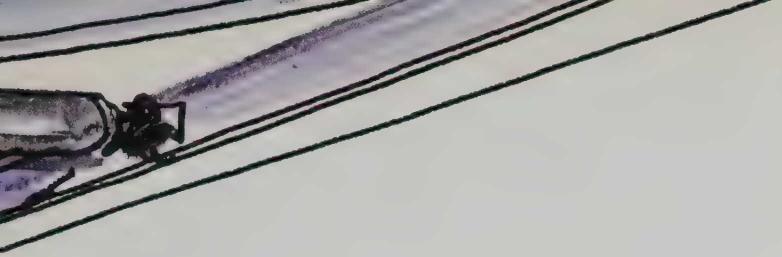
CRUDE OIL PROCESSED BY AND FOR THE COMPANY

THOUSANDS OF BARRELS PER DAY









CHEMICALS

The upturn in the economy during 1971 contributed to a slightly better performance by the Canadian chemical industry than was achieved in 1970 when profitability was extremely depressed. However, the world environment of chronic over-capacity and low selling prices, together with specific competitive disadvantages of the Canadian chemical industry, continued to exert fundamentally detrimental pressures on the health and viability of the industry. Under these conditions, the industry has been forced to retrench, close down marginal operations, and reduce its level of employment.

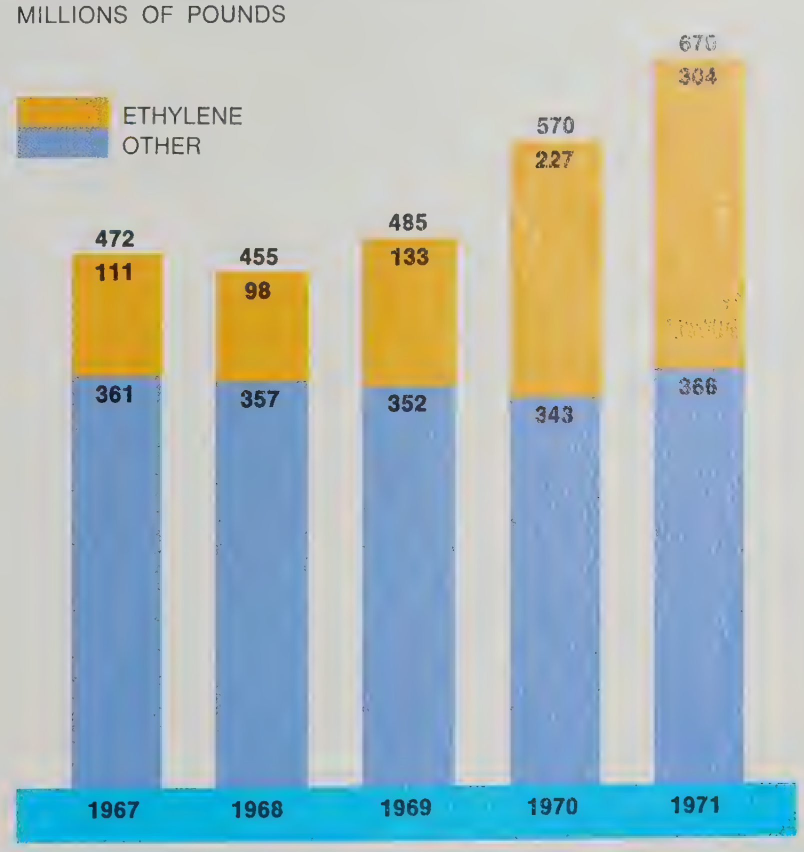
These conditions were reflected in Gulf Canada's chemical operations which showed an improvement in net sales revenue of only 2.2 per cent. This increase was accomplished primarily in the petrochemicals segment of the operations where additional facilities were brought into operation during the year.

Efforts to reduce administrative, operating and maintenance costs were intensified and implemented during 1971. Following extensive study of the competitive environment and the alternatives open to the Company, it became evident that these measures alone would be inadequate and that a curtailment of operations would be essential in order to improve current profitability and long-term prospects. Consequently, the Company's decision to close down or sell certain segments of its chemical operations was announced during the year. These measures have commenced and will continue during the early part of 1972, including termination of the department's chemical research activities which will no longer be required for the reduced scale of operation.

The chemical industry will continue to explore with government every possible course of action to strengthen the Canadian competitive position. There are at present indications of an improvement in world price levels and a decrease in idle capacity. The steps taken in Gulf Canada's chemicals operations will provide an improved base for growth in the future environment.

Vinyl manufactured at the Ste. Thérèse, Quebec, plant has many consumer uses, including floor and wall coverings, and tablecloths.

PETROCHEMICAL SALES
MILLIONS OF POUNDS



MARKETING

Volumes of petroleum product sales in 1971 were up 7.8 per cent over last year, with gains in all major product categories. Product prices were raised during the year in an effort to recover higher crude costs and to prevent a further deterioration of profit.

A program to offer the motoring public attractive, diversified facilities continued with the opening of new service centres, car washes and self-serve gasoline outlets. In conjunction with highway service stations, pleasing restaurant facilities, under the trade name "Wayfare," continue to be introduced on main tourist routes.

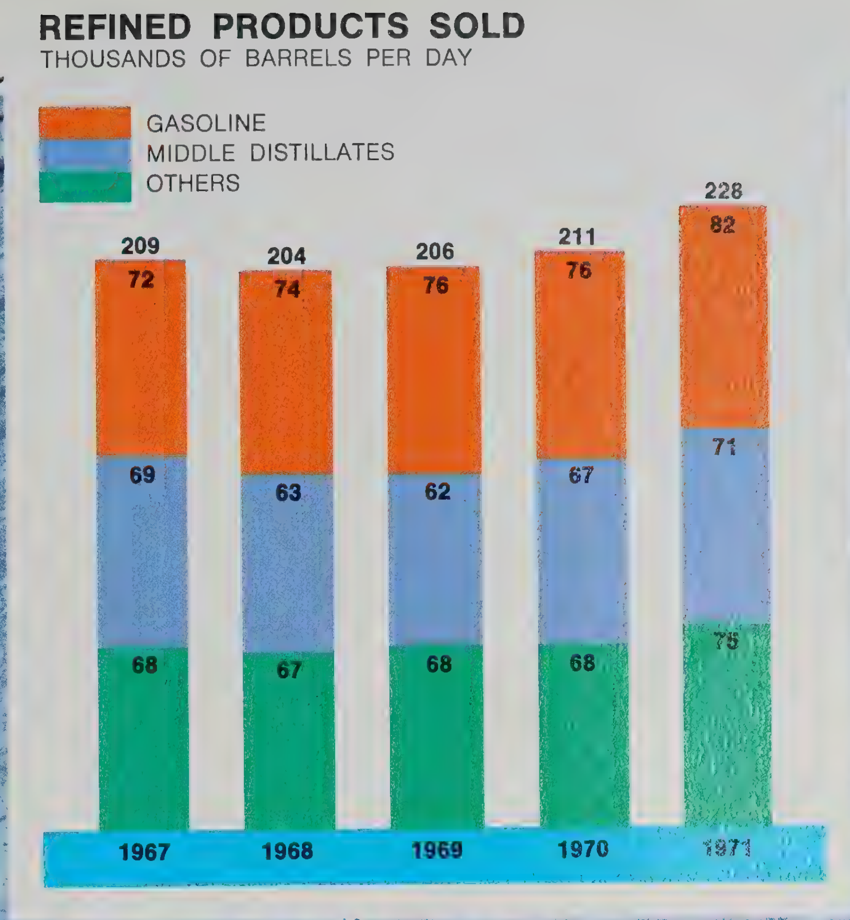
Consolidation of Royalite-branded outlets in Western Canada under the Gulf sign was largely completed during the year. Chargex cards, accepted for the first time in 1971 for the purchase of products and services at all Gulf Canada outlets, have gained many new customers.

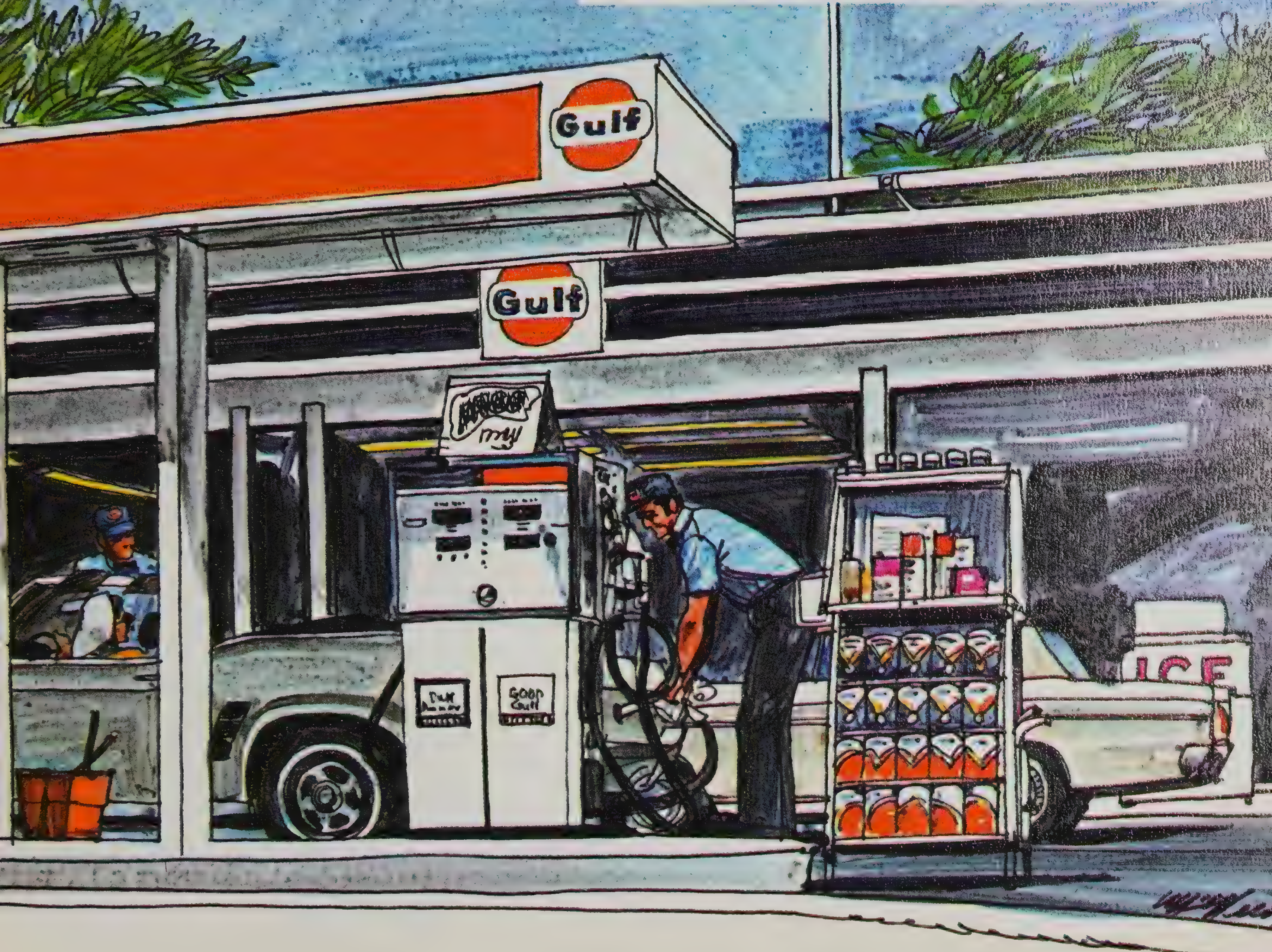
The reorganization of the T.B.R.A. (Tires, Batteries, Automotive Repair Parts and Accessories) marketing effort, completed in 1970, is now producing higher sales and profits through deeper penetration of this profitable market and improvements in warehouse and distribution efficiencies. As a result of a study in other sections of the Marketing Department by a group of Gulf Canada personnel and outside consultants, a number of organizational changes were made to strengthen long-term performance.

The year was one of good progress for Superior Propane Limited. Revenues increased by 10.6 per cent over 1970, and profits after taxes gained over 31 per cent.

A number of new uses for propane were developed during the year and these, together with substantially larger sales to the camping and trailer markets, contributed to Superior's improved volumes.

A number of new service centres, car washes, and self-serve gasoline outlets were opened during the year.


REFINED PRODUCTS SOLD
THOUSANDS OF BARRELS PER DAY
GASOLINE
MIDDLE DISTILLATES
OTHERS
209
72
69
68
1967
204
74
63
67
1968
206
76
62
68
1969
211
76
67
68
1970
228
82
71
75
1971


Gulf
Gulf
ICE

RESEARCH AND DEVELOPMENT

Considerable interest continues to be expressed in the Vortometric industrial oil burner developed by Gulf Canada in association with the Ontario Research Foundation. To date, four licenses have been executed with firms in Canada, the United States, Japan and the United Kingdom.

In product development, the Company's full line of motor oils has been reformulated to meet the higher quality requirements recommended for 1972 model cars. Specialty products introduced to the market included a new concrete release agent, newsprint ink oil, and processing oils for the rubber and other industries. During the year progress was made in formulating paving asphalts for use on roads affected by severe climatic changes.

Current technical studies are evaluating the implications of the proposed motor vehicle emissions standards on the production and quality of gasolines and lubricants required for the future automotive market.

Gulf Canada is directing every effort to improve its methods of operations to prevent adverse effects on the water and air environment. On-going environmental programs study air quality, water purity, odor classification and noise levels at Company installations throughout the country. Mobile air conservation vans relate air quality measurements with meteorological conditions, and noise level surveys are being made to meet property line criteria set by the Company. In Alberta, on-line analyzer systems have been installed in gas plants to monitor stack effluents for sulphur compounds to meet both environmental and plant material balance requirements. Other such industry developments as floating roof tanks, smokeless flares, and various desulphurization processes are only a few of the innovations designed to reduce pollution.

EMPLOYEE AND PUBLIC RELATIONS

Negotiations which resulted in the signing of a two-year labor contract were completed with no disruption in work.

In employee development, the Company completed its fourth year of a formal program to develop and utilize its manpower resources to the maximum. Selected managers took a two-week corporate management course at the University of Western Ontario, and over 350 attended classes in the on-going supervisory development program. In addition, several hundred employees were engaged in self-improvement training or were involved in institutional courses outside the Company.

The President's Safety Incentive Award, signifying 365 days or one million hours worked without a disabling injury, was received by 26 units throughout Gulf Canada, the highest number recorded in any one year.

Continuing information on its operations is provided by Gulf Canada to many diversified groups including shareholders, employees, dealers and the news media. Film loan libraries at five centres continued to operate at capacity and a large volume of requests for graphics and literature from schools, university students, trade and professional organizations was filled. News clips of major Company developments received wide coverage on television.

Under its corporate donations policy, Gulf Canada contributed generously to qualifying national and local campaigns, including universities, hospitals and social betterment in all parts of Canada, as well as many other selective projects. Aid-to-education programs offered scholarships and fellowships to qualifying students and grants to institutes for special undertakings.

As part of its continuing concern for the environment, Gulf Canada's Vortometric burners have been applied to refinery process heaters, marine boilers and various other industrial applications. This burner is installed in the crude heater at Point Tupper refinery.

DIRECTORS

J. D. Barrington
Mining Engineer and Corporate Director, Toronto, Ontario
Director: The Algoma Steel Corporation, Limited; Canadian General Investments Limited; National Trust Company Limited; Excelsior Life Insurance Company.

W. Herman Browne
Chairman, Moore Corporation Limited, Toronto, Ontario
Director: The Bank of Nova Scotia; The Steel Company of Canada, Limited.

J. R. Gordon
Director and Member of the Executive Committee, The International Nickel Company of Canada, Limited, New York, N.Y.
Director: The Babcock & Wilcox Company; The Canada Life Assurance Company; The Steel Company of Canada, Limited.
Honorary Director: The Bank of New York.

Charles Hay
President, Hockey Canada, Toronto, Ontario
President: Canadian Institute of Public Real Estate Companies. Director: Canada Permanent Mortgage Corporation; Canada Permanent Trust Company.

I. M. MacKeigan, Q.C.
Senior Partner, MacKeigan, Cox, Downie and Mitchell, Halifax, Nova Scotia
Director: Halifax International Containers Limited; Nova Scotia Light & Power Company Limited.

Beverley Matthews, Q.C.
Senior Partner, McCarthy & McCarthy, Toronto, Ontario
Director: The Toronto-Dominion Bank; TransCanada PipeLines Limited; Brascan Limited; Westinghouse Canada Limited; The Canada Life Assurance Company; Gulf Oil Corporation.

Jerry McAfee
President and Chief Executive Officer, Gulf Oil Canada Limited, Toronto, Ontario
Director: The Bank of Nova Scotia.

Gérard Plourde
Chairman, UAP Inc., Montreal, Quebec
President: Quebec Industrial Development Corporation. Vice-President and Director: Alliance Compagnie Mutuelle d'assurance-vie. Director: Anglo-French Drug Co. Ltd.; Editions du Renouveau Pédagogique Inc.; Northern Electric Company Limited; Omer De Serres Limitée; Molson Industries Limited; Robert Morse Corporation Limited; Rolland Paper Company Limited; Steinberg's Limited; The Toronto-Dominion Bank.

Alfred Powis
President and Chief Executive Officer, Noranda Mines Limited, Toronto, Ontario
Chairman: British Columbia Forest Products Limited. Director: Canadian Imperial Bank of Commerce; Placer Development Limited.

R. G. Rogers
President and Chief Executive Officer, Crown Zellerbach Canada Limited, Vancouver, British Columbia
Director: Canadian Imperial Bank of Commerce; Hilton Canada Limited; Ocean Cement and Supplies Limited; Placer Development Limited; Royal General Insurance Company of Canada.

V. W. Scully
Director and Chairman of the Executive Committee, The Steel Company of Canada, Limited, Toronto, Ontario
Director: Moore Corporation Limited; Sun Life Assurance Co. of Canada.

C. D. Shepard
Chairman of the Board, Gulf Oil Canada Limited, Toronto, Ontario
Director: The Toronto-Dominion Bank; The Carborundum Company.

R. A. Laidlaw
Toronto, Ontario, Director Emeritus.

FINANCIAL REVIEW

Consolidated earnings for 1971 were $49.1 million, an improvement of $8.7 million over the $40.4 million earned in 1970. Results for both years were after extraordinary items. A provision of $4.7 million in 1971 related to the curtailment of chemical operations, and in 1970 a gain of $1.2 million resulted from the floating of the Canadian dollar.

The statements of consolidated earnings on page 20 provide details of revenues and expenses. Net sales and operating revenues of $774.4 million were up $98.8 million over 1970. The gain was attributable to higher sales volumes in all areas of operations together with improved realizations for petroleum products. Although significant operating economies were implemented during the year, total costs and expenses, before income taxes, increased $82.8 million. This amount reflected increased costs relating to larger production and sales volumes as well as higher crude oil purchase prices and the generally rising costs of labor and materials. The increase also reflected the pre-production and start-up expenses of the new refineries at Edmonton and Point Tupper and the effect of a full year's interest cost with respect to the $50 million debentures issued on September 15, 1970.

While earnings before income taxes and extraordinary items increased $16.4 million, the provision for income taxes calculated in accordance with the policy set out in note 8 to the financial statements was up only $1.8 million, the result of higher tax deductions and the reduced tax rate effective for the last half of the year.

Working capital at December 31, 1971, amounted to $192.9 million, an increase of $15.7 million during the year. Funds on hand at the beginning of 1971, together with those generated from operations, were more than adequate to cover requirements during the year and it is expected that this will continue to be the case for 1972. Table I shows an analysis of the working capital change.

Table II provides details of capital expenditures in the years 1971 and 1970 by operating department. Total expenditures of $93.1 million in 1971 were reduced substantially from the $178.4 million expended in 1970, reflecting completion of construction of the new refineries at Edmonton and Point Tupper in mid-1971.

At December 31, 1971, capital employed totalled $995.4 million. The shareholders' equity in the net assets amounted to $704.3 million, or $15.50 per share.

The Company has been advised by the U.S. Internal Revenue Service that all claims for U.S. income taxes allegedly due on the sale by the Company in 1966 of shares of stock of its then wholly-owned U.S. subsidiary, The British-American Oil Producing Company, have been resolved. Such claims were referred to under "Commitments and Contingent Liabilities" in the notes to the Company's financial statements for 1970.

TABLE I
WORKING CAPITAL

	December 31		
Millions	1971	1970	Change
Cash and marketable securities	$ 45.4	$ 54.9	$ (9.5)
Accounts receivable	178.0	167.1	10.9
Inventories	137.6	127.0	10.6
Prepaid expenses	5.3	5.1	.2
Total current assets	366.3	354.1	12.2
Less current liabilities	173.4	176.9	(3.5)
Working capital	$192.9	$177.2	$ 15.7

TABLE II
EXPENDITURES ON PROPERTIES, PLANTS AND EQUIPMENT

	1971		1970	
	Millions	Per Cent	Millions	Per Cent
Production	$ 22.0	23.6	$ 24.2	13.6
Transportation	1.5	1.6	1.5	.8
Refining	41.4	44.5	115.6	64.8
Petrochemicals	3.9	4.2	8.9	5.0
Marketing	23.7	25.5	26.2	14.7
Other	.6	.6	2.0	1.1
Total	$ 93.1	100.0	$178.4	100.0

Gulf O

CONSOLIDATED

Decembe

ASSETS	1971	1970
	(thousands of dollars)	
CURRENT:		
Cash	$ 16,950	$ 19,953
Short-term investments, at cost (approximates market value)	28,453	34,980
Accounts receivable	177,951	167,039
Inventories (note 4):		
Crude oil, products and merchandise	127,269	117,864
Materials and supplies	10,321	9,125
Prepaid expenses	5,340	5,123
Total current assets	366,284	354,084
INVESTMENTS, LONG-TERM RECEIVABLES AND OTHER ASSETS:		
Investments in associated and other companies (note 5)	18,687	17,938
Deposits, long-term receivables and other assets	30,150	32,198
Deferred charges at cost less amortization	5,962	7,887
	54,799	58,023
PROPERTIES, PLANTS AND EQUIPMENT AT COST less accumulated depreciation, depletion and amortization (note 6)	733,541	706,783
EXCESS OF COST OF BUSINESSES ACQUIRED over values assigned to tangible assets, less amortization	14,164	16,269
	$1,168,788	$1,135,159

(See accompanying notes to financial statements)

AUDITORS' REPORT

To the Shareholders of
Gulf Oil Canada Limited:

We have examined the consolidated balance sheet of Gulf Oil Canada Limited and subsidiary companies as at December 31, 1971 and the statements of consolidated earnings and consolidated source and use of funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Toronto, Canada,
February 10, 1972.

nada Limited

ALANCE SHEET

1971

LIABILITIES

	1971	1970
	(thousands of dollars)	
CURRENT:		
Amounts payable to affiliated companies for crude oil and other purchases	$ 39,121	$ 55,514
Other accounts payable and accrued charges	97,718	83,896
Income and other taxes payable (note 8)	27,321	26,737
Current portion of long-term debt	2,446	3,942
Dividends payable	6,817	6,806
Total current liabilities	173,423	176,895
LONG-TERM DEBT (note 9)	199,297	205,087
DEFERRED INCOME TAXES (note 8)	91,787	71,727

SHAREHOLDERS' EQUITY

	1971	1970
Capital stock (note 10)	280,192	279,225
Retained earnings	424,089	402,225
Total shareholders' equity	704,281	681,450
	$1,168,788	$1,135,159

On behalf of the Board:

Jerry McAfee, Director.

Beverley Matthews, Director.

In our opinion these consolidated financial statements present fairly the financial position of Gulf Oil Canada Limited and subsidiary companies as at December 31, 1971 and the results of their operations and source and use of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year except for the change, which we approve, in the accounting practice referred to in note 1 to the financial statements.

CLARKSON, GORDON & CO.
Chartered Accountants

Gulf Oil Canada Limited

STATEMENTS OF CONSOLIDATED EARNINGS

Year ended December 31, 1971

EARNINGS

	1971	1970
	(thousands of dollars)	
REVENUE:		
Gross sales and other operating revenues	$ 934,195	$ 823,487
Less gasoline and fuel taxes	159,786	147,859
Net sales and other operating revenues	774,409	675,628
Investment and sundry income	18,793	16,979
Gain on disposal of pipe line interests	1,952	3,333
	795,154	695,940
DEDUCTIONS:		
Purchased crude oil, products and merchandise	322,844	280,936
Operating, selling and administrative expenses	272,831	242,418
Taxes other than taxes on income	45,214	39,226
Depreciation, depletion and amortization (note 7)	55,602	50,803
Special provision for amortization of shut-in wells		3,731
Interest and amortization of discount and redemption premium on long-term debt	15,331	12,291
Other interest expense	3,614	3,211
	715,436	632,616
EARNINGS BEFORE INCOME TAXES AND EXTRAORDINARY ITEMS	79,718	63,324
TAXES ON INCOME (note 8)	25,943	24,123
EARNINGS BEFORE EXTRAORDINARY ITEMS	53,775	39,201
EXTRAORDINARY ITEMS (note 3)	(4,646)	1,163
EARNINGS FOR THE YEAR	$ 49,129	$ 40,364
Per share of common stock outstanding during year:		
Before extraordinary items	$1.18	$ .86
After extraordinary items	$1.08	$ .89

RETAINED EARNINGS

	1971	1970
Balance, beginning of the year	$ 402,225	$ 382,024
Add earnings for the year	49,129	40,364
	451,354	422,388
Deduct dividends on common shares	27,265	27,222
	424,089	395,166
Add cumulative effect on 1970 and prior years of adopting equity method of accounting in 1971 (note 1)		7,059
Balance, end of year	$ 424,089	$ 402,225

(See accompanying notes to financial statements)

Gulf Oil Canada Limited

STATEMENT OF CONSOLIDATED SOURCE AND USE OF FUNDS

Year ended December 31, 1971

	1971	1970
	(thousands of dollars)	
SOURCE OF FUNDS:		
Earnings before extraordinary items	$ 53,775	$ 39,201
Add back —		
Depreciation, depletion and amortization	55,602	54,534
Deferred income taxes	24,303	13,117
Other	2,752	1,996
Funds from operations before extraordinary items	136,432	108,848
Source (use) of funds from extraordinary items	* (504)	1,163
Funds from operations	135,928	110,011
Net book value of fixed asset disposals	6,251	3,759
Net book value of investment disposals	2,373	819
Proceeds from debenture issue		49,300
Proceeds from other long-term obligations		6,252
Proceeds from issue of shares for cash	967	567
	$ 145,519	$ 170,708
USE OF FUNDS:		
Additions to properties, plants and equipment	$ 93,115	$ 178,394
Increase in investments, long-term receivables and other assets	3,677	3,769
Reduction in long-term debt	5,790	8,789
Dividends on common shares	27,265	27,222
	129,847	218,174
Increase (decrease) in working capital	15,672	(47,466)
	$ 145,519	$ 170,708

*Extraordinary item charged against 1971 earnings	$ (4,646)
Amount included therein not affecting working capital	4,142
Net use of funds from extraordinary item	$ (504)

(See accompanying notes to financial statements)

Gulf Oil Canada Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1971

1. PRINCIPLES OF CONSOLIDATION

The accounts of Gulf Oil Canada Limited and all subsidiary companies have been included in the consolidation.

In 1971 the company adopted the equity method of accounting for its investments in less than 50 per cent owned joint venture companies. Under this method the company's investment in such companies is carried in the balance sheet at cost plus its share of undistributed earnings. The company's share of the annual net earnings of these companies is reflected currently in income rather than when realized through dividends. This change had virtually no effect on net earnings for 1971. The company's share of the undistributed income of these companies at the end of 1970 ($7.1 million) has been credited to retained earnings at December 31, 1970 and included in the balance sheet at that date, but the earnings of 1970 and prior years have not been restated as the effect in any year is not significant.

2. U.S. DOLLAR LIABILITIES

At December 31, 1971 the company has valued U.S. dollar liabilities at the rate current at that date ($1.00 Canadian equals $.9975 U.S.).

3. EXTRAORDINARY ITEMS

1971 — Provision to cover write-down of assets and termination costs (after deducting income tax effect of $5.6 million) related to the curtailment of chemical operations, net of gain realized on disposal of certain associated operations in 1971.

1970 — Gain on freeing of the Canadian dollar on May 31, 1970.

4. INVENTORIES

Inventories of crude oil products and merchandise are valued generally at the lower of cost applied on a "first-in, first-out" basis or market value determined on the basis of replacement cost or net realizable value. Materials and supplies are valued at cost or lower, depending on the condition of the items.

5. INVESTMENTS IN ASSOCIATED AND OTHER COMPANIES

	1971	1970
	(millions of dollars)	
At cost:		
With quoted market value (based on closing prices at end of each year)		
1971 — $74.4 million; 1970 — $73.4 million	$ 5.8	$ 6.4
Without quoted market value	.5	1.9
	6.3	8.3
At equity:		
Investment in joint venture companies at cost plus equity in undistributed earnings (note 1)	* 12.4	9.6
	$ 18.7	$ 17.9

Includes $3.0 million invested in 1971.

6. PROPERTIES, PLANTS AND EQUIPMENT

	Gross investment at cost	Accumulated depreciation, depletion and amortization	Net investment 1971	Net investment 1970
	(millions of dollars)			
Production	$ 438.6	*$ 204.0	$ 234.6	$ 230.3
Transportation	29.6	17.0	12.6	11.9
Refining and petrochemicals	554.8	244.9	309.9	294.5
Marketing	282.1	117.2	164.9	158.2
Other	19.6	8.1	11.5	11.9
	$1,324.7	$ 591.2	$ 733.5	$ 706.8

**Includes accumulated depletion of $36.7 million with respect to the acquisition costs of productive properties.*

7. DEPRECIATION, DEPLETION AND AMORTIZATION

Depreciation, depletion and amortization in the statements of consolidated earnings consist of:

	1971	1970
	(millions of dollars)	
Depreciation of plants and equipment	$ 43.9	$ 39.6
Depletion of acquisition costs of productive properties	2.3	2.5
Amortization of non-producing properties, drilling costs and other intangible assets	9.4	8.7
	$ 55.6	$ 50.8

Policies governing depreciation, depletion and amortization are as follows:

(i) Exploration and development costs—

The companies follow the practice of charging to expense, as incurred, the cost of all dry hole and all exploration expenditures except the initial acquisition cost of oil and gas properties. These latter costs together with the costs of drilling and equipping successful wells are capitalized. All capitalized costs are charged against earnings on the unit-of-production method using estimated recoverable oil and gas reserves.

(ii) Investment in plants and equipment—

Charges are made against earnings for depreciation of investment in plants and equipment based on engineering reviews of the remaining service lives of the assets using either the straight-line or the unit-of-production method, whichever is appropriate.

8. INCOME TAXES

The companies provide for income taxes on the tax allocation basis except with respect to successful well and lease acquisition costs. As is the case generally in the oil and gas industry in Canada, the company does not believe that tax allocation in respect of such costs is appropriate at this time. If deferred taxes had been charged in the accounts with respect to such costs, the cumulative amount of related deferred income taxes to December 31, 1971 would have been $38.6 million; the 1971 earnings would have been virtually unchanged and 1970 earnings would have been increased $2.5 million or $.05 per share.

9. LONG-TERM DEBT

	Maturity	Amount (millions of dollars)
Sinking Fund Debentures Gulf Oil Canada Limited		
4¾% and 5%	1972-1975	$ 9.0
3½%, 1954 issue	1974	5.2
5⅛%, Series A	1977	9.8
5¾%, Series B	1982	6.2
5¼%, Series C (U.S. $13.8 million)	1982	13.8
7⅜%, Series D (no sinking fund)	1978	10.0
7⅜%, Series E	1988	40.0
8½%*	1989	50.0
8⅝% - 8½%**	1990	50.0
Other long-term obligations	varying dates	7.7
		201.7
Less instalments due within one year included in current liabilities		2.4
		$ 199.3

Approximate instalments of long-term debt due in each of the five years subsequent to December 31, 1971, are as follows:

1972 — $2.4 million; 1973 — $5.3 million; 1974 — $8.5 million; 1975 — $13.2 million; 1976 — $9.2 million.

**After June 1, 1973 and prior to June 1, 1974, the holders may elect that Gulf Oil Canada Limited prepay the principal amount of such debentures on December 1, 1974.*

***After March 15, 1974 and prior to March 15, 1975, the holders may elect that Gulf Oil Canada Limited prepay the principal amount of such debentures on September 15, 1975.*

10. CAPITAL STOCK

Shares without nominal or par value:

Authorized — 68,000,000
Issued — 45,450,006

The company's incentive stock option plan provides for the granting of options to purchase common shares of the company at the market price on the day on which the options are granted. Under the plan, options become exercisable after one year's continuous employment immediately following the date the options are granted and are for a period of ten years. During 1971, options on 57,500 shares were exercised for an aggregate cash consideration of $967,000 and no options were granted.

Details of common shares under option at December 31, 1971, were as follows:

Year option granted	Normal expiry date	Option price per share	Number of shares
1962	September 20, 1972	$14 29/32	3,300
1965	April 22, 1975	17 5/16	20,000
1966	February 2, 1976	15 1/32	2,600
1967	October 4, 1977	18 11/16	21,500
			47,400

Shares under option at December 31, 1971 included 16,500 shares under option to officers of the company.

11. PENSION PLANS

The companies have funded pension plans covering substantially all their employees. The contributions by employees, together with those made by the companies, are deposited with insurance companies and/or trustees according to the terms of the plans. Pensions at retirement are related to remuneration and years of service. The amounts charged to income (including amounts paid to government pension plans) were $4.8 million in 1971 and $5.1 million in 1970, which amounts included amortization of prior service costs. The unfunded prior service pension costs were approximately $6.8 million at December 31, 1971 (of which approximately $3.3 million represents the actuarially computed value of vested benefits) and these will be funded over the next eight years.

12. COMMITMENTS AND CONTINGENT LIABILITIES

The companies have commitments in the ordinary course of business for the acquisition or construction of fixed assets and for the purchase of materials, supplies, investments and services which are not significant in relation to their net assets.

The companies in the normal course of business have entered into lease, charter hire, throughput agreements and other similar commitments. Long-term leases for real property and tank car rentals have approximate rentals payable in 1972 of $13.4 million (inclusive of property taxes). Rental income from properties sub-leased to others is estimated at $6.4 million for 1972. Under certain of these long-term leases, the company has the option to purchase the leased assets and is obligated to make advances from time to time which will be applied against the purchase price if the option is exercised. It is estimated that such advances will aggregate approximately $21.7 million over the terms of the lease agreements (which expire in 1982). Advances to December 31, 1971 amounted to $5.7 million and during the next five years will aggregate approximately $5.3 million of which $.9 million will be payable in 1972.

The companies are contingently liable for guarantees of obligations of pipe line companies and of mortgages payable by owners of service stations and others, aggregating $9.7 million at December 31, 1971. Also under long-term agreements with certain other pipe line companies, the company has agreed in conjunction with other users to ship sufficient crude oil to generate the revenue required to meet the obligations of these companies and in the event there is any deficiency the company may be required to purchase subordinated securities in an amount sufficient to make up its share of the deficiency. The management of the company is of the opinion no losses of any consequence will arise from these guarantees and long-term agreements.

13. REMUNERATION OF DIRECTORS AND OFFICERS

The aggregate remuneration in 1971 of the company's 12 directors as directors was $54,000. Two directors were also officers of the company during 1971 and one director was a past officer. The aggregate remuneration in 1971 of the company's 28 officers (which includes 13 past officers) as officers was $1,115,000. No director or officer of the company received any remuneration from a subsidiary of the company.

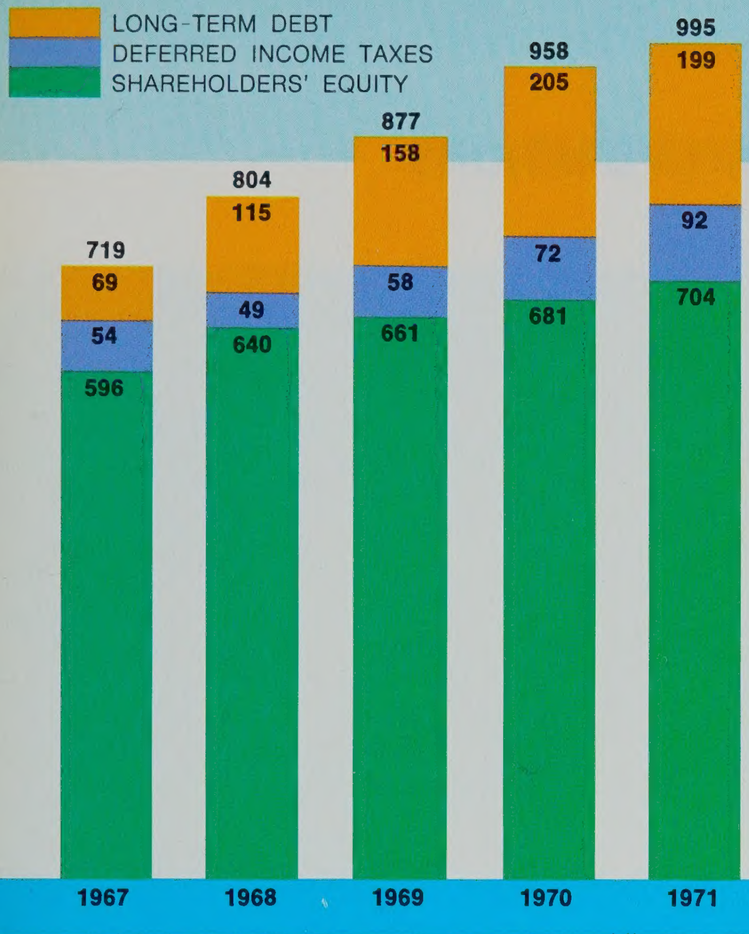
FIVE YEAR FINANCIAL SUMMARY

Amounts, except for unit statistics, expressed in millions of dollars

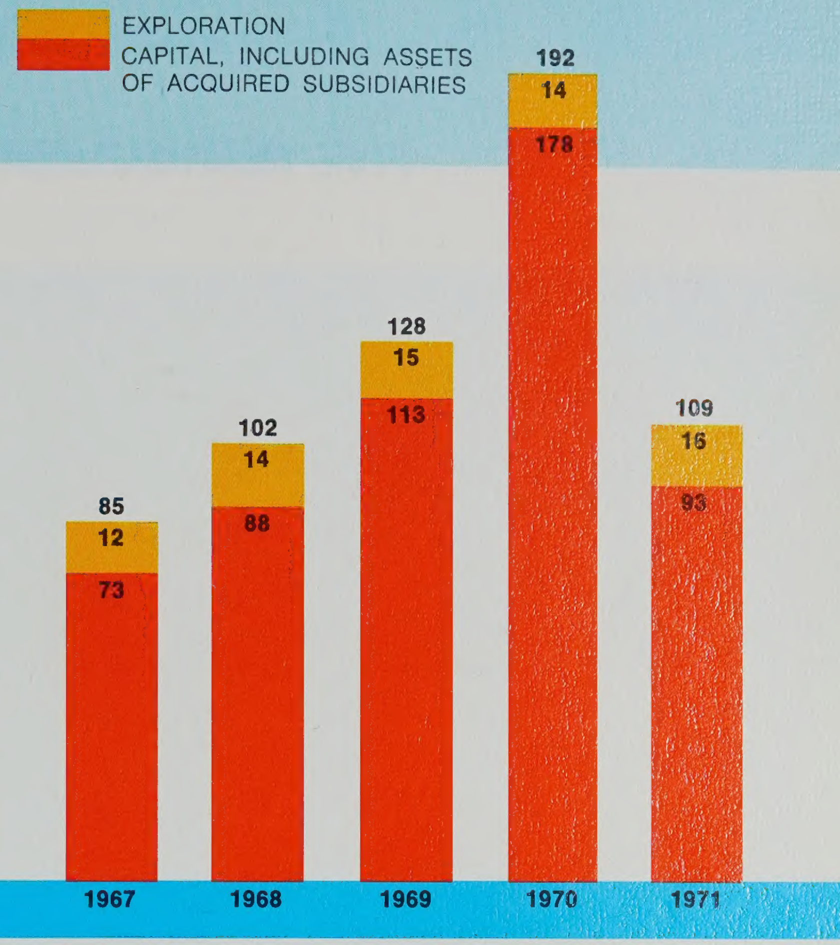
	1971	1970	1969	1968	1967
BALANCE SHEET					
Current assets	$ 366.3	$ 354.1	$ 352.5	$ 318.1	$ 298.8
Deduct: Current liabilities	173.4	176.9	127.8	107.2	113.9
Working capital	192.9	177.2	224.7	210.9	184.9
Properties, plants and equipment — net	733.5	706.8	585.4	528.6	496.7
Investments, long-term receivables and other assets	69.0	74.3	66.8	64.4	59.0
	995.4	958.3	876.9	803.9	740.6
Deduct: Minority interest in subsidiaries	—	—	—	—	21.4
Capital employed	995.4	958.3	876.9	803.9	719.2
Deduct: Long-term debt	199.3	205.1	157.6	114.7	69.2
Deferred income taxes	91.8	71.7	58.6	48.8	54.0
Shareholders' equity	$ 704.3	$ 681.5	$ 660.7	$ 640.4	$ 596.0
Per common share	$ 15.50	$ 15.01	$ 14.57	$ 14.14	$ 13.57
CAPITAL EXPENDITURES					
New properties, plants and equipment	$ 91.1	$ 178.3	$ 112.4	$ 86.9	$ 70.8
Fixed assets of acquired subsidiaries	2.0	.1	.4	.9	1.6
	$ 93.1	$ 178.4	$ 112.8	$ 87.8	$ 72.4
EARNINGS					
Gross sales and other operating revenues	$ 934.2	$ 823.5	$ 801.7	$ 759.5	$ 724.9
Less gasoline and fuel taxes	159.8	147.9	146.4	135.9	121.9
Net sales and other operating revenues	774.4	675.6	655.3	623.6	603.0
Investment and sundry income	20.7	20.3	14.5	13.1	12.3
	795.1	695.9	669.8	636.7	615.3
Deduct:					
Exploration and dry hole costs	15.9	13.7	15.3	14.0	12.3
Depreciation, depletion and amortization	55.6	54.5	47.9	45.5	41.0
Purchases and other expenses	598.7	525.2	500.4	468.5	455.9
Taxes, other than income	45.2	39.2	39.0	37.3	36.0
	715.4	632.6	602.6	565.3	545.2
Earnings before income taxes and extraordinary items	79.7	63.3	67.2	71.4	70.1
Taxes on income —	25.9	24.1	21.7	23.2	25.3
Earnings before extraordinary items	53.8	39.2	45.5	48.2	44.8
Extraordinary items	(4.7)	1.2	—	—	—
Earnings for the year	$ 49.1	$ 40.4	$ 45.5	$ 48.2	$ 44.8
Per cent return on shareholders' equity	7.0	5.9	6.9	7.5	7.5
FUNDS FROM OPERATIONS	$ 135.9	$ 110.0	$ 105.1	$ 93.5	$ 88.1
DIVIDENDS PAID	$ 27.3	$ 27.2	$ 26.6	$ 24.7	$ 24.1
PER COMMON SHARE					
Earnings before extraordinary items	$ 1.18	$ .86	$ 1.00	$ 1.06	$ 1.02
Earnings for the year	$ 1.08	$ .89	$ 1.00	$ 1.06	$ 1.02
Dividend rate at year-end	$ .60	$ .60	$ .60	$ .55	$ .55

Note: *Amounts shown have been restated, where necessary, to be comparable with 1971, except for extraordinary items included in retained earnings in prior years. Minority interests for the years since 1967 were not material.*

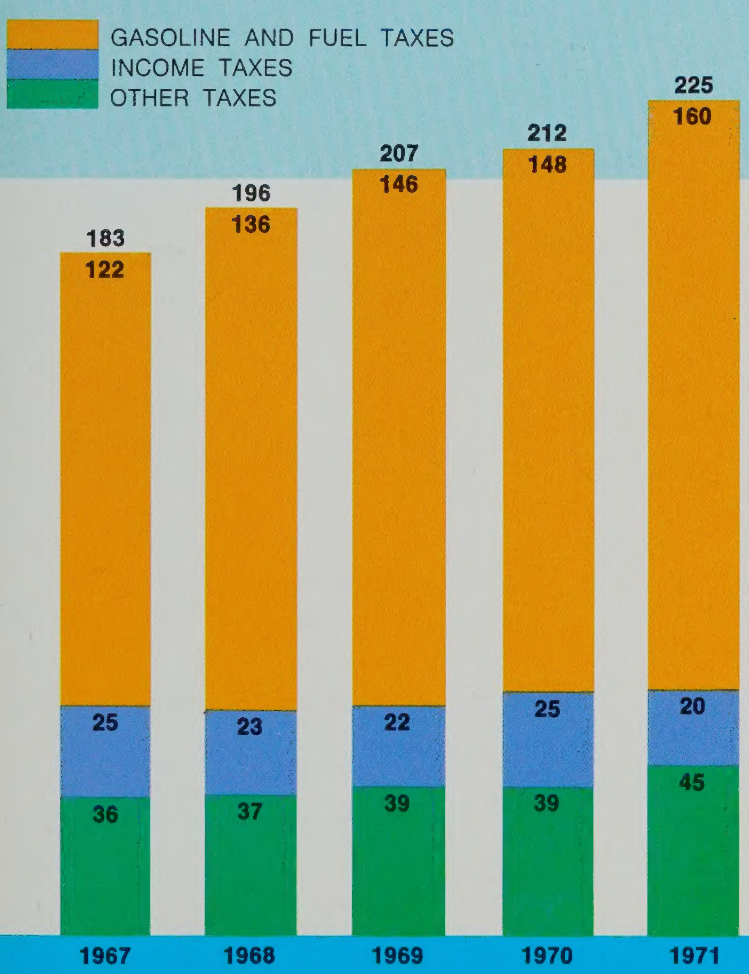
CAPITAL EMPLOYED
MILLIONS OF DOLLARS



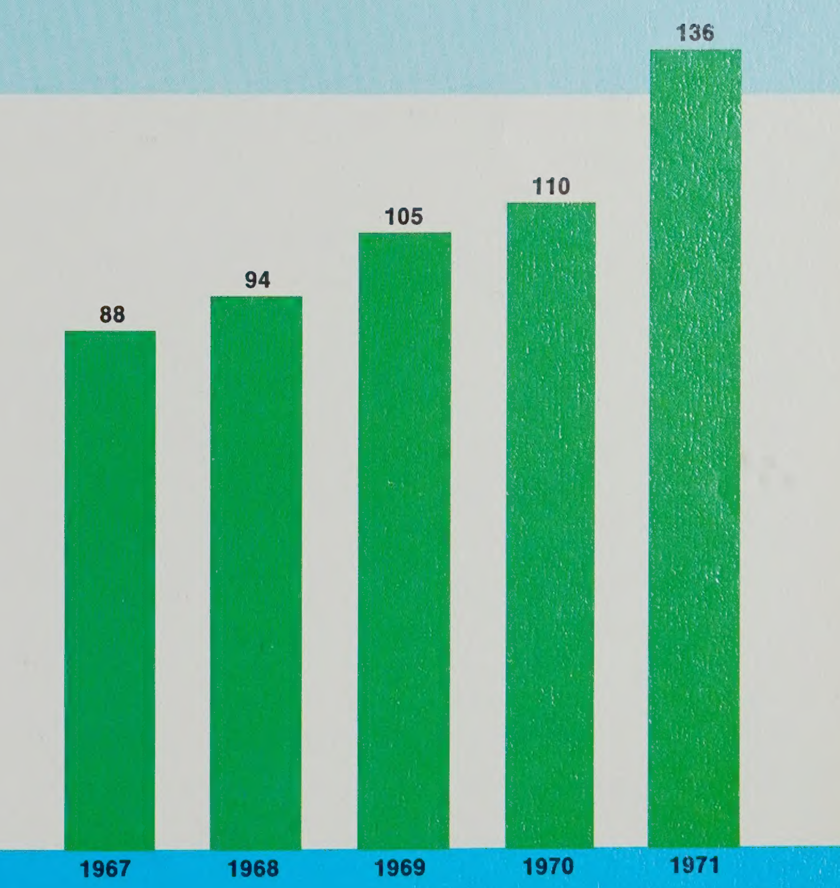
CAPITAL AND EXPLORATION EXPENDITURES
MILLIONS OF DOLLARS



TAXES
MILLIONS OF DOLLARS



FUNDS FROM OPERATIONS
MILLIONS OF DOLLARS



FIVE YEAR SUMMARY OF OPERATIONS

	1971	1970	1969	1968	1967
NET NATURAL GAS PRODUCED AND SOLD					
(millions of cubic feet)					
Total	170,214	143,862	129,572	115,296	103,669
Per day	466	394	355	315	284
NET CRUDE AND NATURAL GAS LIQUIDS PRODUCED					
(thousands of barrels)					
Total	36,538	33,643	31,352	29,308	27,101
Per day	100	92	86	80	74
CRUDE OIL PROCESSED BY AND FOR THE COMPANY					
(thousands of barrels)					
Total	92,957	74,744	72,012	71,336	69,850
Per day	255	205	197	195	191
REFINED PRODUCTS SOLD					
(thousands of barrels)					
Total	83,097	77,111	75,318	74,655	76,353
Per day	228	211	206	204	209
PETROCHEMICAL SALES					
(thousands of pounds)					
Total	670,259	570,050	484,511	454,645	471,933
Per day	1,836	1,562	1,327	1,242	1,293
SULPHUR SALES					
(long tons)					
Total	164,324	152,236	134,271	143,067	173,796
Per day	450	417	368	391	476
NET WELLS CAPABLE OF PRODUCING AT YEAR-END					
Total	1,482	1,585	1,593	1,592	1,552
NET WELLS DRILLED					
Total	33	20	44	65	51
NET ACREAGE UNDER LEASE, RESERVATION AND OPTION					
(thousands of acres)					
Total	27,463	27,140	27,237	29,413	23,803

GULF OIL CANADA LIMITED

Officers

Jerry McAfee, *President and Chief Executive Officer*

C. D. Shepard, *Chairman of the Board*

L. P. Blaser, *Senior Vice-President*

F. D. Aaring, *Vice-President*

R. C. Beal, *Vice-President*

R. T. Brown, *Vice-President*

R. E. Harris, *Vice-President*

D. S. Lyall, *Vice-President*

J. W. Morgan, *Vice-President*

G. O. Relf, *Vice-President*

J. C. Phillips, Q.C., *Vice-President, General Counsel and Secretary*

R. W. Cochrane, *Treasurer*

J. A. Scobie, *Comptroller*

Head Office

800 Bay Street, Toronto, Ontario

Marketing Division Offices

Halifax, Nova Scotia; Montreal, Quebec; Toronto, Ontario; Calgary, Alberta; Vancouver, British Columbia

Chemicals Department

Headquarters: Montreal, Quebec
Plants: Shawinigan, St. Maurice, Ste. Thérèse, Montreal East and Varennes, Quebec

Accounting and Data Processing Centres

Montreal, Quebec; Toronto, Ontario; Calgary, Alberta

Research and Development Centre

Sheridan Park, Ontario

Exploration and Production

Headquarters: Calgary, Alberta

Gas Plants: Pincher Creek, Nevis, Gilby, Rimbey, Morrin-Ghost Pine and Strachan, Alberta

Pipe Lines

Operated pipe lines: Gulf Alberta, Gulf Saskatchewan, Mid-Saskatchewan, Rimbey, Saskatoon, Shawinigan, Valley, Alberta Products

Refineries

Point Tupper, Nova Scotia; Montreal East, Quebec; Clarkson, Ontario; Edmonton, Alberta; Kamloops and Port Moody, British Columbia

Asphalt Plants

Moose Jaw, Saskatchewan; Calgary, Alberta

Principal Affiliates (wholly-owned)

SERVICO LIMITED
Head Office: Quebec, Quebec — President: R. T. Brown

SUPERIOR PROPANE LIMITED
Head Office: Toronto, Ontario — President: R. G. Samworth

Registrar

Canada Permanent Trust Company, Toronto

Transfer Agents

Canada Permanent Trust Company — Vancouver, Calgary, Edmonton, Regina, Winnipeg, Toronto, Montreal, Saint John, N.B., Halifax
Registrar and Transfer Company — New York

Printed in Canada